



**EXECUTIVE CHAMBERS**

HONOLULU

LINDA LINGLE  
GOVERNOR

July 9, 2008

The Honorable Colleen Hanabusa, President  
and Members of the Senate  
Twenty-Fourth State Legislature  
State Capitol, Room 409  
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

Re: Senate Bill No. 2314 SD1 HD2 CD1

On July 8, 2008, Senate Bill No. 2314, entitled "A Bill for an Act Relating to Insurance" became law without my signature, pursuant to Section 16 of Article III of the State Constitution.

The purpose of this bill is to allow certain health insurers with less than five percent of the market share to bundle different types of benefits into a single unified policy by exempting such actions from the anti-tying provision in section 431:13-103(a)(4)(B), Hawaii Revised Statutes. The bill also requires the State Auditor to perform an analysis of the effects of this bill and submit a report to the Legislature no later than 20 days prior to the 2010 regular session.

In providing a limited exemption from the anti-tying law, this bill ostensibly seeks to enhance the ability of smaller insurers to offer broader health insurance options at a lower cost to certain types of customers, such as sole proprietors and small businesses. Although this is a laudable goal, this bill raises concerns because it ties the purchase of health insurance to the purchase of contracts for dental, vision, drug, and life insurance.

Under the anti-bundling provision of the Insurance Code, insurers are prohibited from requiring a consumer to buy two or more policies when the consumer only wishes to purchase one policy. However, this bill changes that provision and allows certain health insurers to package one insurance product as a prerequisite for buying another.

This bill limits the anti-bundling exception to certain health insurers with less than five percent of the market share, thus limiting the impact on consumer choice. Although this bill may assist sole proprietors and others in obtaining health care coverage, who might not otherwise be able to obtain such coverage, minimizing the choices of these individuals and business people is not an ideal method for increasing access to affordable health care.

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For the foregoing reasons, I allowed Senate Bill No. 2314 to become law as Act 227,  
effective July 8, 2008, without my signature.

Sincerely,

A handwritten signature in black ink, appearing to read 'L. Lingle', with a stylized flourish at the end.

LINDA LINGLE